

Washington, D.C. - Today the House of Representatives agreed to Senate changes and passed the Credit Cardholders' Bill of Rights (H.R. 627), legislation that will reform the credit card industry and provide additional consumer protections. H.R. 627 passed the House and Senate with overwhelming bipartisan majorities of 361 to 64 and 90 to 5, respectively. With today's action, the legislation now moves to President Obama's desk, where he is expected to sign the measure into law.

The final version of H.R. 627 passed by both chambers retained measures originally introduced by Congressman David Price (D-NC) that will help consumers avoid crippling credit card debt by providing additional information on the pitfalls of making only the minimum payment. The measures were included in an amendment sponsored by Price and Rep. Brad Miller (D-NC) that was attached to the bill during earlier House consideration. Price and Miller based their amendment on stand-alone legislation introduced by Price since 2005.

Provisions from both the Price-Miller Amendment included in the final bill would ensure that consumers will receive personalized disclosures that show the total cost, including interest payments, of paying only monthly minimum payments on their credit card balance. The disclosures will also include assessments of the monthly payment they must make to pay off their balance in 36 months. The bill and amendment also require that consumers receive a general warning that making only the minimum payment will increase the total amount of interest they pay and have access to information on credit counseling and debt management services via a toll-free telephone number.

"Minimum payment practices are at best deceptive and at worst abusive," said Price. "These personalized, timely disclosures will provide a wake-up call for over-extended consumers, helping them avoid falling into the trap of perpetual debt. I look forward to working with the Federal Reserve and Treasury Department to carry out these protections after President Obama signs this important legislation into law."

The full text of the relevant bill section is copied below.

SEC. 201. PAYOFF TIMING DISCLOSURES.

(a) In General- Section 127(b)(11) of the Truth in Lending Act (15 U.S.C. 1637(b)(11)) is amended to read as follows:

'(11)(A) A written statement in the following form: 'Minimum Payment Warning: Making only the minimum payment will increase the amount of interest you pay and the time it takes to repay your balance.', or such similar statement as is established by the Board pursuant to consumer testing.

'(B) Repayment information that would apply to the outstanding balance of the consumer under the credit plan, including--

'(i) the number of months (rounded to the nearest month) that it would take to pay the entire amount of that balance, if the consumer pays only the required minimum monthly payments and if no further advances are made;

'(ii) the total cost to the consumer, including interest and principal payments, of paying that balance in full, if the consumer pays only the required minimum monthly payments and if no further advances are made;

'(iii) the monthly payment amount that would be required for the consumer to eliminate the outstanding balance in 36 months, if no further advances are made, and the total cost to the consumer, including interest and principal payments, of paying that balance in full if the consumer pays the balance over 36 months; and

'(iv) a toll-free telephone number at which the consumer may receive information about accessing credit counseling and debt management services.

'(C)(i) Subject to clause (ii), in making the disclosures under subparagraph (B), the creditor shall apply the interest rate or rates in effect on the date on which the disclosure is made until the date on which the balance would be paid in full.

'(ii) If the interest rate in effect on the date on which the disclosure is made is a temporary rate that will change under a contractual provision applying an index or formula for subsequent interest rate adjustment, the creditor shall apply the interest rate in effect on the date on which the disclosure is made for as long as that interest rate will apply under that contractual provision, and then apply an interest rate based on the index or formula in effect on the applicable billing date.

'(D) All of the information described in subparagraph (B) shall--

'(i) be disclosed in the form and manner which the Board shall prescribe, by regulation, and in a manner that avoids duplication; and

'(ii) be placed in a conspicuous and prominent location on the billing statement.

'(E) In the regulations prescribed under subparagraph (D), the Board shall require that the disclosure of such information shall be in the form of a table that--

'(i) contains clear and concise headings for each item of such information; and

'(ii) provides a clear and concise form stating each item of information required to be disclosed under each such heading.

'(F) In prescribing the form of the table under subparagraph (E), the Board shall require that--

'(i) all of the information in the table, and not just a reference to the table, be placed on the billing statement, as required by this paragraph; and

'(ii) the items required to be included in the table shall be listed in the order in which such items

are set forth in subparagraph (B).

'(G) In prescribing the form of the table under subparagraph (D), the Board shall employ terminology which is different than the terminology which is employed in subparagraph (B), if such terminology is more easily understood and conveys substantially the same meaning.'

(b) Civil Liability- Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended, in the undesignated paragraph following paragraph (4), by striking the second sentence and inserting the following: 'In connection with the disclosures referred to in subsections (a) and (b) of section 127, a creditor shall have a liability determined under paragraph (2) only for failing to comply with the requirements of section 125, 127(a), or any of paragraphs (4) through (13) of section 127(b), or for failing to comply with disclosure requirements under State law for any term or item that the Board has determined to be substantially the same in meaning under section 111(a)(2) as any of the terms or items referred to in section 127(a), or any of paragraphs (4) through (13) of section 127(b).'

(c) Guidelines Required-

(1) IN GENERAL- Not later than 6 months after the date of enactment of this Act, the Board shall issue guidelines, by rule, in consultation with the Secretary of the Treasury, for the establishment and maintenance by creditors of a toll-free telephone number for purposes of providing information about accessing credit counseling and debt management services, as required under section 127(b)(11)(B)(iv) of the Truth in Lending Act, as added by this section.

(2) APPROVED AGENCIES- Guidelines issued under this subsection shall ensure that referrals provided by the toll-free number referred to in paragraph (1) include only those nonprofit budget and credit counseling agencies approved by a United States bankruptcy trustee pursuant to section 111(a) of title 11, United States Code.